

Message Text

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ORIGIN SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 CCO-00 /031 R

DRAFTED BY EUR/NE:APINKNEY:BAL

APPROVED BY P:JJSISCO

EUR/NE:JJCROWLEY, JR.

EUR:WSTABLER

L/EUR:HRUSSELL D: MR. DUEMLING

EUR/P:MR. GEHRON S: MR. BREMER

PM/ISO:HHAGERTY

DOD/ISA/FMRA:PBARRINGER

S/PRS:

S/S:SRGAMMON

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FM SECSTATE WASHDC

TO AMEMBASSY REYKJAVIK FLASH

INFO COMICEDEFOR IMMEDIATE

CINCLANT IMMED

DOD IMMEDIATE

USMISSION NATO IMMEDIATE

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EXDIS

E.O. 11652: GDS

TAGS: PFOR, MARR, IC, NATO

SUBJECT: IDF RETENTION NEGOTIATIONS - DRAFT SCENARIOS

1. THE FOLLOWING PROPOSED SCHEDULE FOR THE AGUSTSSON VISIT
HAS BEEN APPROVED BY SISCO:

SEPTEMBER 26:

10:30 A.M. - 11:00 A.M. SECRETARY OF DEFENSE

SCHLESINGER: HE COULD DEAL WITH THE CURRENT

OVERALL SITUATION IN NATO WITH REFERENCE TO THE

NATO ROLE OF THE IDF.

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11:15 A.M. - 11:45 A.M. THE VICE CHIEF OF NAVAL OPERA-
TIONS: HIS COMMENTS MIGHT, AMONG OTHER THINGS,
GO MORE SPECIFICALLY INTO THE KOLA PENINSULA,
THE NORTH ATLANTIC, AND ICELAND'S ROLE IN NATO.

(TENTATIVE)

12:00 P.M. - 12:45 P.M. MR. INGERSOLL: HIS ROLE MIGHT BE TO GIVE AN OVERALL LOOK AT THE WORLD SITUATION TOUCHING IN TURN UPON MBFR, SALT, AND DETENTE. MR. SISCO MIGHT BRIEF THE FM ON THE MIDDLE EAST AND CYPRUS. SHOULD THE SECRETARY BE UNEXPECTEDLY

CALLED AWAY THAT DAY, MR. INGERSOLL COULD ALSO EMPHASIZE THE CONTINUITY IN US FOREIGN POLICY IN THE NEW ADMINISTRATION.

12:45 P.M. COURTESY CALL ON MR. SISCO IN HIS OFFICE.

1:00 P.M. LUNCH HOSTED BY MR. SISCO.

2:30 P.M. NEGOTIATIONS

4:30 P.M. APPOINTMENT WITH THE SECRETARY.

8:00 P.M. POSSIBLE DINNER AT AMBASSADOR KROYER'S RESIDENCE (NO INVITATIONS YET ISSUED).

IN BROAD OUTLINE, THE SCENARIO FOR THE NEGOTIATING SESSION COULD BE AS FOLLOWS:

-- GREETING BY US CHAIRMAN, POINTING OUT THE CONTINUITY IN THE NEGOTIATIONS AND CONGRATULATING AGUSTSSON AGAIN ON HIS POSITION IN THE ICELANDIC GOVERNMENT.

-- STATEMENT BY AGUSTSSON. REQUEST FOR US REACTION TO HIS APRIL PROPOSALS.

-- EXPOSITION OF US REACTION BY US CHAIRMAN.

-- FOREIGN MINISTER DEFINES DEFENSE PLATFORM OF NEW GOVERNMENT.

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-- STATEMENT OF US PROPOSALS TO MEET ICELANDIC POSITION (INCLUDING ALL ITEMS PREVIOUSLY AGREED TO IN IRVING-AGUSTSSON DISCUSSIONS).

-- RESPONSE BY FOREIGN MINISTER AGUSTSSON THAT THESE US PROPOSALS MEET ICELANDIC DESIDERATA.

-- SCRUTINY OF FINAL TEXT OF AGREED DOCUMENTS.

-- DISCUSSION OF ENTRY INTO FORCE OF DOCUMENTS.

-- DISCUSSION OF FINAL PRESS RELEASE.

-- INITIALLING OF DRAFT EXCHANGE OF NOTES, MEMORANDUM
OF UNDERSTANDING AND AGREED MINUTE.

-- TOAST, IN CHAMPAGNE, TO THE SUCCESSFUL CONCLUSION
(EITHER IN MR. SISCO'S OFFICE OR IN THE SECRETARY'S OFFICE)

2. THE FOLLOWING GIVES THE DETAILED SCENARIO AS WE SEE IT
NOW: SEPTEMBER 26, 1974: ICELAND BASE NEGOTIATIONS:

SISCO: THE US NEGOTIATOR, MR. SISCO, WHO WOULD CHAIR THE
MEETING, WOULD WELCOME THE FOREIGN MINISTER AND HIS PARTY.

HE COULD BEGIN THE SUBSTANTIVE DISCUSSIONS WITH AN OPENING
STATEMENT ALONG THE FOLLOWING LINES:

INTRODUCTION

SISCO: MR. MINISTER, I WAS PERSONALLY HAPPY TO LEARN THAT
I WOULD AGAIN BE SEEING YOU ON THESE NEGOTIATIONS, FOR I
REMEMBER WITH PLEASURE OUR SESSIONS HERE LAST APRIL. THE
FACT THAT THERE HAS BEEN A CHANGE IN YOUR GOVERNMENT IN THE
INTERVENING MONTHS IN NO WAY NEGATES THE CAREFUL GROUND-
WORK THAT YOU, AMBASSADOR PORTER AND I HAVE LAID OVER THE
PAST YEAR. ON THE CONTRARY, IT IS THANKS TO THESE TALKS
THAT WE HAVE ARRIVED AT A JUNCTURE TODAY WHICH I HOPE WILL
LEAD DIRECTLY TO AN AGREEMENT BETWEEN OUR TWO COUNTRIES
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THAT WILL PROVE SATISFACTORY FROM EVERYONE'S POINT OF
VIEW. I WOULD AGAIN LIKE TO CONGRATULATE YOU ON CON-
TINUING AS FOREIGN MINISTER OF YOUR COUNTRY.

AGUSTSSON: THE FOREIGN MINISTER WILL RESPOND THAT TODAY'S
SESSION CARRIES ON IN THE FINE TRADITION OF THE PREVIOUS
NEGOTIATING ROUNDS. HE WILL EXPRESS HIS HOPE THAT IT WILL
BE POSSIBLE FOR THE USG TO RESPOND AT THIS TIME TO THE
PROPOSALS WHICH HE PUT FORWARD ON BEHALF OF HIS GOVERNMENT
IN APRIL.

US REACTION TO THE GOI'S APRIL PROPOSALS

SISCO: WE HAVE COMPLETED A THOROUGH EXAMINATION OF THE
PROPOSALS WHICH YOU PRESENTED TO ME HERE IN THIS ROOM LAST
APRIL. BEFORE GIVING YOU OUR RESPONSE, I WOULD LIKE TO
EMPHASIZE THAT THEY HAVE BEEN EXAMINED AGAINST THE BACK-
GROUND OF OUR MUTUAL DEFENSE AGREEMENTS AS NATO ALLIES.
YOU HAVE SEEN THE SECRETARY OF DEFENSE AND MR. INGERSOLL
THIS MORNING. THEY HAVE STRESSED THE CONTINUING NEED FOR
THE STRENGTH AND WATCHFULNESS OF NATO IN A PRECARIOUSLY
BALANCED WORLD AND THE KEY ROLE THAT ICELAND HAS PLAYED
AND MUST CONTINUE TO PLAY WITHIN THE ALLIANCE. THAT NATO

AND ALL THAT IT STANDS FOR IS THE KEYSTONE OF US FOREIGN POLICY WAS MADE ABUNDANTLY CLEAR WHEN PRESIDENT FORD MET, WITHIN TWO HOURS OF HIS INAUGURATION, WITH YOUR CHARGE D'AFFAIRES AND THE OTHER CHIEFS OF THE NATO MISSIONS HERE IN WASHINGTON.

IT WAS WITH THESE THOUGHTS IN MIND THAT WE MADE OUR STUDY OF YOUR APRIL PROPOSALS.

YOUR FIRST PROPOSITION, WHICH I WILL NOT RESTATE WORD FOR WORD, IN ESSENCE CALLED FOR THE GRADUAL WITHDRAWAL OF THE DEFENSE FORCE FROM ICELAND. I WOULD LIKE TO ASSURE YOU THAT THE US HAS NO INTENTION OF MAINTAINING ITS MILITARY FORCES IN ICELAND FOREVER. OUR INTEREST IS TO MAINTAIN THE SECURITY OF ICELAND AND OF OUR NATO ALLIES, AND THIS INTEREST FORMS THE ONLY BASIS FOR OUR CONTINUING TO MAN THE NATO FACILITIES IN YOUR COUNTRY. ANY REDUCTION IN FORCES MUST TAKE INTO ACCOUNT:

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-- ICELAND'S SECURITY REQUIREMENTS;

-- THE WORLD SITUATION AS IT AFFECTS NATO SECURITY;

-- ADVANCES IN TECHNOLOGY;

-- AVAILABILITY OF TRAINED ICELANDERS TO REPLACE US MILITARY PERSONNEL.

I WILL TALK LATER ABOUT THE SPECIFIC REPLACEMENT OF U.S. PERSONNEL BY ICELANDERS THAT WE HAVE IN MIND.

IN YOUR SECOND PROPOSAL, YOUR GOVERNMENT STATED ITS WILLINGNESS TO ALLOW LANDING RIGHTS, BUT NOT PERMANENT BASING, TO AIRCRAFT OPERATING ON BEHALF OF NATO FOR SURVEILLANCE FLIGHTS IN THE NORTH ATLANTIC. ICELAND HAS TRADITIONALLY ALLOWED THE US PLANES OPERATING UNDER NATO AUSPICES TO CARRY OUT A MAJOR FUNCTION OF THE BASE -- THAT OF SURVEILLANCE -- AND WE BELIEVE IT ESSENTIAL THAT THIS BE CONTINUED UNDER PRESENT ARRANGEMENTS.

THE THIRD PROPOSAL RELATED TO THE ESTABLISHMENT OF A GROUP OF CIVILIAN TECHNICIANS TO MAINTAIN SURVEILLANCE AIRCRAFT. WE WELL UNDERSTAND YOUR GOVERNMENT'S DESIRES TO CIVILIANIZE WHEN POSSIBLE AND WE WILL BE DISCUSSING THIS ASPECT LATER ON WHEN WE GO THROUGH OUR PROPOSED REDUCTIONS IN PERSONNEL.

THE NEXT PROPOSAL HAD TO DO WITH THE ASSUMPTION BY ICELANDIC NATIONALS OF THE LAW ENFORCEMENT FUNCTIONS AT THE BASE. IN THIS REGARD, THE IDF WOULD BE WILLING TO ASSIST IN TRAINING ICELANDIC PERSONNEL FOR SPECIALIZED

SECURITY DUTIES AT THE KEFLAVIK AIRPORT.

YOUR PROPOSAL ON SUPPORT FACILITIES IS ACCEPTABLE TO US. WE SEE NO REASON WHY ICELAND COULD NOT PROVIDE SUPPORT SERVICES AT KEFLAVIK, AND INDEED THIS WAS SIMILAR TO PART OF THE US PROPOSAL MADE LAST NOVEMBER.

YOUR PROPOSAL THAT ICELAND TAKE OVER THE OPERATIONS OF
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THE RADAR STATIONS AT REYKJANES AND IN HORNAFJORDUR WHEN TRAINED ICELANDIC PERSONNEL ARE AVAILABLE ALSO STRIKES A RESPONSIVE CHORD. WE WILL BE GLAD TO BEGIN THE TRAINING OF ICELANDIC PERSONNEL AS SOON AS POSSIBLE TO TAKE OVER THOSE FUNCTIONS FOR WHICH SECURITY CLEARANCES ARE NOT REQUIRED. AGAIN, I WILL GO INTO THIS MORE COMPLETELY WHEN WE DISCUSS OUR SUGGESTED REDUCTIONS IN U.S. PERSONNEL A BIT LATER.

FINALLY, YOU PROPOSED THAT THE CIVILIAN OPERATIONS BE COMPLETELY SEPARATED FROM THE NATO OPERATIONS AT KEFLAVIK AIRPORT. AS YOU WILL SEE, WE ACCEPT THE PRINCIPLE OF THE SEPARATION OF CIVIL AND MILITARY OPERATIONS. IN FACT, WE STRONGLY SUPPORT THIS PRINCIPLE. THIS WILL BE MADE CLEAR IN THE DISCUSSION OF THE PROGRAM WE WILL MAKE TO YOU SHORTLY.

DEFINITION OF ICELAND'S NEW FOREIGN POLICY PLATFORM

AGUSTSSON: THE FOREIGN MINISTER WILL THANK YOU FOR GIVING CAREFUL CONSIDERATION TO HIS APRIL PROPOSALS AND WILL EXPRESS GRATIFICATION THAT MANY OF THE FEATURES OF THOSE PROPOSALS HAVE MET WITH ACCEPTANCE ON THE PART OF THE USG. THE FOREIGN MINISTER WILL NOTE THAT ICELAND'S NEW GOVERNMENT HAS DRAWN UP A NEW STATEMENT BEARING ON THE DEFENSE OF ICELAND AND ON ICELAND'S RESPONSIBILITIES TO ITS NATO ALLIES. HE WOULD LIKE AT THIS TIME TO OUTLINE THE FOREIGN AFFAIRS SECTION OF THE GOVERNMENT PLATFORM STATEMENT.

THE MINISTER WILL STATE THAT THE FUNDAMENTAL OBJECTIVES OF HIS GOVERNMENT WILL BE TO SAFEGUARD ICELANDIC NATIONALITY, THE NATION'S RIGHT OF SELF-DETERMINATION AND ITS ECONOMIC INDEPENDENCE. HIS CONDUCT OF FOREIGN POLICY WILL EMPHASIZE ICELAND'S PARTICIPATION IN THE WORK OF THE UNITED NATIONS, COOPERATION WITH FELLOW NORDIC COUNTRIES, DEFENSE COOPERATION WITH WESTERN COUNTRIES, COOPERATION WITH EUROPE AND PARTICIPATION IN MEASURES INTENDED TO IMPROVE EAST-WEST RELATIONS.

HIS GOVERNMENT WILL SUPPORT ALL ENDEAVORS TO PROTECT
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NATURAL RESOURCES, THE ENVIRONMENT AND HUMAN RIGHTS THROUGH INTERNATIONAL COOPERATION.

ON MATTERS RELATING DIRECTLY TO THE SECURITY OF ICELAND, THE MINISTER WILL STATE THAT HIS COUNTRY WILL CONTINUE TO BELONG TO NATO AND WILL MAINTAIN ITS SPECIAL COOPERATION WITH THE US "AS LONG AS A DEFENSE AND RECONNAISSANCE BASE IS OPERATED IN ICELAND UNDER THE AUSPICES OF NATO."

THE MINISTER WILL POINT OUT THAT THE NEXT AIM OF HIS GOVERNMENT -- TO CARRY FORWARD THESE NEGOTIATIONS -- IS BEING MET BY TODAY'S MEETINGS, AND HE HOPES THAT THE AIM OF THESE NEGOTIATIONS -- TO ENABLE THE KEFLAVIK BASE TO CARRY OUT ITS FUNCTIONS IN ACCORDANCE WITH THE SECURITY INTERESTS OF ICELAND AT ANY TIME -- WILL BE SUCCESSFULLY ACHIEVED TODAY. TO THIS END, HIS GOVERNMENT HAS AUTHORIZED HIM TO STATE THAT IT IS ITS POLICY THAT CERTAIN NON-MILITARY FUNCTIONS OF THE DEFENSE FORCE BE TAKEN-OVER BY ICELANDERS, AND THAT ALL MEASURES TOWARDS THIS END BE ACCELERATED AS MUCH AS POSSIBLE. FURTHERMORE, HIS GOVERNMENT WISHES THAT MEMBERS OF THE DEFENSE FORCE SHALL BE HOUSED WITHIN THE LIMITS OF THE BASE AREA AS SOON AS CONDITIONS PERMIT. FINALLY IT WILL BE HIS GOVERNMENT'S POSITION THAT THE DEFENSE FORCE ACTIVITIES AND THE CIVIL AIRPORT OPERATIONS AT KEFLAVIK AIRPORT SHALL BE SEPARATED.

THE FOREIGN MINISTER WILL THEN ASK IF ICELAND CAN DEPEND UPON THE COOPERATION OF THE USG IN MAKING THESE POLICIES A REALITY.

US PROPOSALS DESIGNED TO MEET THE ICELANDIC DEMANDS

SISCO: YOU MAY THEN REPLY THAT WE HAVE BEEN STUDYING THE ANNOUNCED POLICIES OF THE NEW GOVERNMENT OF ICELAND SINCE ITS FORMATION AND FIND THEM TO BE AN ACCEPTABLE BASIS FOR NEGOTIATION.

YOU MAY WISH TO INDICATE HOW THE USG WOULD LIKE TO GO ABOUT HELPING ICELAND MEET ITS POLICY OBJECTIVES. HOWEVER, FIRST OF ALL, YOU WOULD LIKE TO STATE THAT THE USG IS VERY PLEASED THAT ICELAND INTENDS TO CONTINUE HER
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MEMBERSHIP IN NATO AND THAT THE LONG AND VALUABLE COOPERATION THAT HAS EXISTED BETWEEN OUR TWO COUNTRIES IN THE DEFENSE FIELD, AS WELL AS IN OTHER FIELDS, OF COURSE, WILL CONTINUE. WE KNOW THAT OUR NATO ALLIES WILL SHARE

SATISFACTION THAT THE NATO BASE AT KEFLAVIK WILL BE

ALLOWED TO CONTINUE TO CARRY OUT ITS FUNCTIONS IN THE SECURITY INTERESTS OF ICELAND AND OF US ALL.

IN ORDER THAT THE BASE CAN BEST SERVE ALL OF OUR NEEDS, AND IN ORDER TO MEET ICELAND'S POLICY OBJECTIVES, THE USG IS PREPARED TO MAKE THE FOLLOWING ADJUSTMENTS IN THE OPERATIONS OF THE BASE AT KEFLAVIK:

(1) REDUCTION OF MILITARY PERSONNEL: THE USG OFFERS TO REDUCE THE CURRENT STRENGTH OF THE IDF, 3317, BY 420 PERSONS. THIS REDUCTION WOULD INVOLVE MEN NOW EMPLOYED IN BASICALLY NON-MILITARY FUNCTIONS AND WOULD OCCUR AT SUCH TIME AS FULLY-QUALIFIED ICELANDERS BECOME AVAILABLE TO REPLACE THEM. THIS DOCUMENT (WHICH MR. SISCO WILL HAND HIM) (NOTE FOR AMBASSADOR IRVING: NOT SENT HERewith) WILL GIVE YOU A BREAKDOWN OF THE LOCATION WHERE THE REDUCTIONS AND REPLACEMENTS WILL TAKE PLACE, THE NUMBERS OF MILITARY PERSONNEL TO BE REDUCED AND THE NUMBER OF ICELANDERS WHO WILL BE SUBSTITUTED. IN ADDITION, THE FOLLOWING DOCUMENTS PROVIDE A BREAKDOWN, BY ACTUAL JOBS, IN EACH LOCATION. (NOTE FOR AMBASSADOR IRVING: NOT SENT HERewith).

THE IDF WILL BE PREPARED TO AID IN ON-THE-JOB TRAINING OF CERTAIN ICELANDERS WHO WILL FILL SOME OF THE MORE TECHNICAL POSITIONS; BUT THE ACTUAL REPLACEMENT WILL NOT TAKE PLACE UNTIL THE ICELANDERS HAVE BECOME FULLY QUALIFIED TO ASSUME THESE POSITIONS.

(2) ON-BASE HOUSING: THE USG AGREES TO UNDERTAKE TO SEEK APPROPRIATIONS FROM THE US CONGRESS FOR THE CONSTRUCTION OF ON-BASE HOUSING IN FISCAL YEARS 75, 76 AND 77 WITH THE ULTIMATE OBJECTIVE OF PROVIDING ON-BASE HOUSING FOR ALL MILITARY PERSONNEL. A REQUEST FOR 200 UNITS HAS ALREADY BEEN MADE IN THE FY 75 BUDGET REQUEST TO THE US CONGRESS. THE PROGRAM HAS BEEN STRETCHED OUT OVER 3 FISCAL YEARS
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TO REFLECT THE CAPACITY OF THE ICELANDIC PRIME CONTRACTOR TO CARRY OUT THE ACTUAL CONSTRUCTION REQUIRED.

(3) THE SEPARATION OF THE DEFENSE FORCE ACTIVITIES AND CIVIL AIRPORT OPERATIONS AT KEFLAVIK: THE USG UNDERTAKES TO MAKE CERTAIN PHYSICAL CHANGES AT THE BASE WHICH WILL RESULT IN ACCESS TO THE BASE BY AMERICAN PERSONNEL WITHOUT AFFECTING ICELANDIC ACCESS TO THE TERMINAL AS FOLLOWS: THE USG WILL BE WILLING TO USE \$1.8 MILLION ALREADY REQUESTED EITHER TO BUILD A SEPARATE ACCESS ROAD TO THE PRESENT TERMINAL OR APPLY IT TO THE CONSTRUCTION OF AN ACCESS ROAD TO ANY NEW TERMINAL THAT MAY BE BUILT. AS THIS LATTER SEEMS A MORE SENSIBLE USE OF THE FUNDS, THE USG WILL BE PREPARED TO SEEK FUNDS FOR THE U.S. SHARE OF A JOINTLY-FINANCED SEPARATE CIVIL TERMINAL COMPLEX NOT

INCLUDING THE CONSTRUCTION OF A CIVILIAN TERMINAL BUILDING. THE U.S. SHARE COULD INCLUDE THINGS SUCH AS THE CONSTRUCTION OF TAXIWAYS AND A RAMP, ROADS, INCLUDING THE ACCESS ROAD, AND REHABILITATION OF THE REFUELING SYSTEM NEAR THE NEW TERMINAL.

IN ADDITION, THE USG IS PREPARED TO SEEK FUNDS FOR A TEN-YEAR PROGRAM OF IMPROVEMENT TO UPGRADE THE KEFLAVIK AIRFIELD TO MEET FAA STANDARDS FOR CATEGORY II FLIGHT OPERATIONS. (FYI THE ABOVE TWO ELEMENTS COULD RUN IN EXCESS OF \$15 MILLION. END FYI)

FINALLY, AS REGARDS THE CIVILIAN TERMINAL BUILDING, WE WOULD LIKE TO INFORM HIS GOVERNMENT THAT THE U.S. EXIMBANK WOULD ENTERTAIN A REQUEST FOR A LOAN ON THE TERMS PREVAILING FOR EXIM CREDITS THROUGHOUT THE WORLD FOR A PORTION OF THE US-ORIGIN COMPONENTS OF A TERMINAL. OF COURSE THE EXIM BANK HAS NOT HAD THE OPPORTUNITY TO BECOME ACQUAINTED WITH THE PROJECT AND IS THEREFORE NOT YET IN A POSITION TO APPRAISE IT. SHOULD HIS GOVERNMENT WISH A STUDY OF A MODULAR TERMINAL BY A US ENGINEERING FIRM, THE EXIM BANK WOULD ALSO CONSIDER FINANCING FOR SUCH A STUDY.

(4) GEOTHERMAL ENERGY: THE USG WILL EXAMINE CLOSELY A PROPOSAL THAT THE KEFLAVIK BASE PURCHASE A PORTION OF THE GEOTHERMAL HEAT WHICH IS TO BE PIPED INTO THE KEFLAVIK
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AREA BY THE GOI.

YOU MAY PAUSE AT THIS MOMENT TO ASK IF THE ABOVE PROPOSALS ARE IN ACCORD WITH ICELANDIC POLICY.

AGUSTSSON: THE FOREIGN MINISTER WILL REPLY THAT THEY ARE.

SISCO: YOU WOULD AT THIS POINT TURN TO MATTERS WHICH THE USG WOULD LIKE TO SEE SETTLED IN CONNECTION WITH THE NEGOTIATIONS.

YOU WOULD POINT OUT TO THE FOREIGN MINISTER THAT THE USG DOES NOT SEEK TO EMPLOY OR RETAIN MORE US OR ICELANDIC PERSONNEL AT THE BASE THAN IS WARRANTED UNDER THE CIRCUMSTANCES EXISTING AT ANY ONE TIME. THE USG MAY THEREFORE CHANGE THE SIZE AND COMPOSITION OF THE IDF AS CIRCUMSTANCES WARRANT. OF COURSE THIS WILL BE DONE IN ACCORDANCE WITH ARTICLES III AND IV OF THE 1951 BASE AGREEMENT, AND PROVISIONS OF ICELANDIC LAW GOVERNING THE RELEASE OF ICELANDIC PERSONNEL WOULD CONTINUE TO BE OBSERVED.

ALSO, SO THAT THE SECURITY OF NATO CAN BE ASSURED, THE UNITED STATES WOULD LIKE TO RESERVE THE RIGHT TO TEMPORARILY AUGMENT THE ICELAND DEFENSE FORCE EITHER DURING

PEAK PERIODS OF SURVEILLANCE ACTIVITY OR IN CONNECTION WITH PERIODIC REINFORCEMENT EXERCISES THAT WILL BE CARRIED ON IN THE DEFENSE OF ICELAND AND NATO.

SISCO AND AGUSTSSON: YOU WILL PAUSE AT THIS POINT TO VERIFY THAT THESE TWO POINTS WILL BE INCLUDED IN ONE OF THE WRITTEN UNDERSTANDINGS.

SISCO: YOU WILL THEN POINT OUT TO THE FOREIGN MINISTER THAT THE USG HOPES THAT HIS GOVERNMENT COULD AGREE TO COMMIT ITSELF TO THE GENERAL PRINCIPLE THAT ADMINISTRATIVE ARRANGEMENTS CONCERNING THE BASE WILL BE KEPT UNDER CONTINUOUS REVIEW, IN THE DEFENSE COUNCIL, WITH THE OBJECTIVE OF IMPROVING THE LIVING CONDITIONS OF THE BASE PERSONNEL. YOU MAY AT THIS POINT REFER TO THE LIST ENTITLED "MATTERS IN WHICH THE UNITED STATES GOVERNMENT REQUESTS THE AGREEMENT OF ICELANDIC GOVERNMENT" WHICH WAS SECRET

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DELIVERED TO HIS MINISTRY BY AMBASSADOR IRVING ON SEPTEMBER 17. IT WOULD BE HELPFUL IF YOU WOULD EMPHASIZE USG INTEREST IN SEEING THAT THESE MATTERS ARE TAKEN UP BY THE DEFENSE COUNCIL.

FINALLY, THE USG HOPES THAT YOUR GOVERNMENT WILL BE WILLING TO REACH AN UNDERSTANDING WHEREBY THE PROVISIONS OF ICELANDIC LAW RELATING TO THE PROHIBITION OF STRIKES BY CIVIL SERVANTS WOULD APPLY TO ICELANDIC CIVILIANS PERFORMING DEFENSE FORCE FUNCTIONS. AS YOU ARE AWARE, THE EMPLOYMENT OF ICELANDIC PERSONNEL IN THE NUMBERS AND CATEGORIES ENVISIONED NOW WOULD MAKE US UNACCEPTABLY VULNERABLE TO STRIKE ACTIVITY, WHICH COULD SERIOUSLY AFFECT THE READINESS POSTURE OF THE IDF.

SISCO: YOU WILL ASK IF THE FOREIGN MINISTER AGREES TO THESE LAST TWO POINTS.

AGUSTSSON: THE FOREIGN MINISTER WILL SO AGREE.

COMPLETION OF FINAL TEXT OF AGREED DOCUMENTS

SISCO: YOU WILL HAND A COPY OF THE EXCHANGE OF NOTES AND MEMORANDUM OF UNDERSTANDING AND THE AGREED MINUTE TO THE FOREIGN MINISTER (NOTE FOR AMB. IRVING: NOT REPEATED THIS TELEGRAM) AND ASK HIM WHETHER OR NOT THE DOCUMENTS REPRESENT THE TRUE UNDERSTANDING OF HIS EXPERTS ON THE AGREEMENTS WHICH HAVE BEEN FORMULATED HERE TODAY.

EXPERTS: THERE WILL BE A PAUSE WHILE THE EXPERTS COMPARE THE DOCUMENTS AND IT WILL BE AGREED ON BOTH SIDES THAT THEY SEEM TO BE IN ORDER.

DISCUSSION OF ENTRY INTO FORCE OF THE DOCUMENTS

SISCO: YOU WOULD EXPLAIN THAT ALTHOUGH CONGRESSIONAL APPROVAL IS NOT CURRENTLY REQUIRED BY LAW, THE UNDERSTANDINGS WILL BE SENT BY THE DEPARTMENT TO THE CONGRESS FOR ITS INFORMATION.

AGUSTSSON: THE FOREIGN MINISTER WILL SAY THAT THE
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DOCUMENTS INITIALED HERE TODAY ARE SUBJECT TO THE FORMAL APPROVAL OF THE ICELANDIC PARLIAMENT AND THAT THEY WILL BE PLACED BEFORE THAT BODY AS SOON AS IT CONVENES AT THE END OF OCTOBER. E WOULD HOPE THAT THE UNDERSTANDINGS COULD BE THE FIRST ORDER OF BUSINESS FOR THE ALTHING.

SISCO: YOU COULD THEN DISCUSS WITH THE FOREIGN MINISTER THE ARRANGEMENTS FOR THE FORMAL SIGNING OF THE UNDERSTANDING WHEN APPROVAL HAS BEEN OBTAINED FROM THE ICELANDIC PARLIAMENT. YOU COULD OFFER TO FLY TO REYKJAVIK AT AN APPROPRIATE TIME TO SIGN THE DOCUMENTS IN PERSON.

PRESS STATEMENT

SISCO: YOU MAY THEN ASK THE FOREIGN MINISTER HOW HE WOULD LIKE TO HANDLE THE PRESS. YOU MAY PROPOSE THAT THE DRAFT PRESS STATEMENT (SEE PARA 3) MIGHT BE AN APPROPRIATE WAY TO BEGIN THE DISCUSSION OF THIS QUESTION.

AGUSTSSON: THE FOREIGN MINISTER WILL EXAMINE THE PRESS STATEMENT AND AGREE TO ITS RELEASE FOLLOWING HIS MEETING WITH THE SECRETARY.
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INITIALLING OF THE DRAFT AGREEMENT

SISCO: YOU MAY THEN PROPOSE THAT YOU BOTH INITIAL AND REFERENDUM THE UNDERSTANDINGS THAT HAVE BEEN REACHED TODAY.
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IF APPROPRIATE, THE INITIALLING COULD BE TOASTED IN CHAMPAGNE EITHER IN YOUR OFFICE OR IN THE SECRETARY'S OFFICE.

3) THE PRESS STATEMENT WHICH WE PROPOSE TO PUT OUT AT THE END OF AGUSTSSON'S MEETING WITH THE SECRETARY FOLLOWS:
QUOTE: THE SECRETARY OF STATE AND THE DEPUTY SECRETARY, THE UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS, THE SECRETARY OF DEFENSE AND THE VICE CHIEF OF NAVAL OPERATIONS MET TODAY WITH THE FOREIGN MINISTER OF ICELAND, EINAR AGUSTSSON FOR GENERAL DISCUSSIONS OF SUBJECTS OF MUTUAL
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INTEREST.

QUOTE UNDER SECRETARY OF STATE, JOSEPH J. SISCO AND THE FOREIGN MINISTER CONTINUED THEIR NEGOTIATIONS ON THE STATUS OF THE ICELAND DEFENSE FORCE -- THE U.S. FORCES STATIONED IN ICELAND UNDER NATO AUSPICES. AS A RESULT OF TODAY'S TALKS, DRAFT UNDERSTANDINGS HAVE BEEN DRAWN UP BETWEEN THE GOVERNMENT OF ICELAND AND THE GOVERNMENT OF THE UNITED STATES.

QUOTE THESE UNDERSTANDINGS TERMINATE THE CURRENT REVIEW OF THE 1951 DEFENSE AGREEMENT, WHICH WAS INITIATED BY ICELAND UNDER ARTICLE VII OF THE AGREEMENT, BY CONCLUDING THAT THE PRESENT SITUATION IN WORLD AFFAIRS CALLS FOR THE CONTINUATION OF THE ICELAND DEFENSE FORCE UNDER THE AGREEMENT. CERTAIN MODIFICATIONS WILL BE MADE IN THE PHYSICAL ARRANGEMENTS AT THE BASE WHICH WILL NOT IMPAIR ITS IMPORTANT FUNCTION OF PROVIDING FOR THE DEFENSE AND SECURITY OF ICELAND AND ITS NATO ALLIES. THESE MODIFICATIONS WILL INCLUDE:

QUOTE -- REPLACEMENT OF US MILITARY PERSONNEL BY QUALIFIED ICELANDERS, AS THEY BECOME AVAILABLE, IN CERTAIN NON-MILITARY FUNCTIONS;

QUOTE -- HOUSING OF ALL US MILITARY PERSONNEL ON THE NATO BASE AT KEFLAVIK;

QUOTE --SEPARATION OF MILITARY ACTIVITIES AT THE BASE FROM CIVIL AIR OPERATIONS, BOTH OF WHICH UTILIZE THE SAME AIRPORT FACILITIES.

QUOTE THE FOREIGN MINISTER AND THE SECRETARY OF STATE EXPRESSED THEIR MUTUAL SATISFACTION THAT THROUGH THESE NEGOTIATIONS, WHICH HAVE ALWAYS BEEN REMARKABLE FOR THEIR FRIENDLINESS AND GOODWILL, IT HAS BEEN POSSIBLE TO REACH DRAFT UNDERSTANDINGS WHICH PRESERVE THE INTEGRITY OF THE NATO BASE WHILE AT THE SAME TIME MAKING CERTAIN MODIFICATIONS SO THAT THE BASE CAN BETTER SERVE ICELAND AND ITS PEOPLE. UNQUOTE

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4. THE AMBASSADOR IS AUTHORIZED TO SHOW THE ABOVE DOCUMENTS TO WHICHEVER GOI OFFICIALS HE DEEMS APPROPRIATE. KISSINGER

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Message Attributes

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Enclosure: n/a
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Errors: n/a
Film Number: D740262-0247
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Review Date: 10 APR 2002
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Secure: OPEN
Status: NATIVE
Subject: IDF RETENTION NEGOTIATIONS - DRAFT SCENARIOS
TAGS: PFOR, MARR, IC, NATO, IDF, (AGUSTSSON)
To: REYKJAVIK FLASH INFO COMICEDEFOR
CINCLANT IMMED
DOD
NATO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005